

Message Text

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65

ACTION OPIC-06

INFO OCT-01 NEA-10 ISO-00 EB-07 AID-05 TRSE-00 CIAE-00

INR-07 NSAE-00 CIEP-01 COME-00 XMB-02 L-03 /042 W

----- 115825

R 231147Z OCT 75

FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC 1850

INFO AMEMBASSY KATHMANDU

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E.O. 11652: N/A

TAGS: EINV

SUBJ: NEW INVESTMENT IN NEPAL

REF: STATE 250722

1. WE HAD PREVIOUSLY DISCUSSED POSSIBILITY OF USING USG RUPEES FOR OPIC PROJECTS IN NEPAL WITH HAUSER AS WELL AS ONE US FIRM, HARBISON-WALKER REFRACTORIES INTERNATIONAL, WHICH EXPRESSED SPECIFIC INTEREST.

2. IT IS DIFFICULT TO PREDICT THE LIKELY GOI ATTITUDE WHICH IS LIKELY TO BE DETERMINED BY THE NATURE OF THE SPECIFIC PROPOSALS PRESENTED AND THE CURRENT STATE OF INDO-NEPAL RELATIONS. WE ARE INCLINED TO THINK THAT, WHILE IT WON'T LIKE THIS IDEA IN PRINCIPLE, IF THE PROJECT IS RIGHT AND RELATIONS ARE NOT SOURED GOI APPROVAL MIGHT BE FORTHCOMING. FOR EXAMPLE, IN THE CASE OF THE HARBISON-WALKER MAGNESITE PROJECT WE UNDERSTAND THAT INDIAN SUPPLIES OF MAGNESITE ARE DWINDLING AND THAT INDIA WOULD HAVE STRONG COMMERCIAL INTEREST IN SECURING SUPPLIES FROM NEPAL FOR INDIAN USE AS WELL AS THIRD COUNTRY EXPORT. IT IS A LITTLE HARD TO IMAGINE SIMILAR PROJECTS WHERE THERE WOULD BE INDIAN AND NEPALESE INTEREST AS WELL AS A US PARTNER IN CEMENT, JUTE OR POWER AND WATER. TOURISM MIGHT BE A POSSIBILITY.

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3. WE WOULD MAKE A DISTINCTION BETWEEN OPIC NON-PL 480 RUPEE

LOANS IN INDIA AND NEPAL. IN GENERAL WE (AND THE GOI) OPPOSE
LOANS HERE SINCE THERE ARE ADEQUATE PUBLIC AND PRIVATE INSTITUTIONS TO

FINANCE ANY WORTHWHILE PROJECT. THIS IS NOT THE CASE IN NEPAL. ACCORDINGLY, WE HAVE NO OBJECTION TO OPIC EXPLORING THIS OPPORTUNITY WITH INDIVIDUAL FIRMS IF EMBASSY KATHMANDU THINKS THAT THE NEPALESE REACTION WOULD BE POSITIVE. WE WOULD PREFER NOT TO DISCUSS THIS PROBLEM WITH THE GOI IN GENERAL TERMS BUT WOULD RATHER POSE SPECIFIC SUGGESTIONS WHEN AND IF SUCH WERE DEVELOPED.
SAXBE

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Margaret P. Grafeld
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